Kosovo Agribusiness Development Program Quarterly Report June- August 2002

Submitted by

IFDC
An International Center for Soil Fertility
and Agricultural Development
P.O. Box 2040
Muscle Shoals, AL 35662, U.S.A.

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	List of Commonly used Acronyms	
ABK	American Bank of Kosovo	
ABU	Agri-business Unit (part of EAR)	
AIC	Agricultural Information Campaign (under EAR)	
AKA	Alliance of Kosovar Agribusinesses	
Anadrini	Drini Valley Vegetable Producers Association	
CCSO	Canadian Cooperation Support Office (under CIDA)	
CFA	Central Fiscal Authority (of UNMIK)	
CORDAID	Catholic Organization for Relief and Development	
CPC	Crop Protection Chemical(s)	
EAR	European Agency for Reconstruction	
EFRP	Emergency Farm Reconstruction Project (under FAO)	
FAO	Food and Agricultural Organization of the United Nations	
FFP	Food for Progress	
FINCA	Foundation for International Community Assistance	
FTA	Free Trade Agreement	
IFDC	Center for Soil Fertility and Agricultural Development	
KADP	Kosovo Agribusiness Development Program	
KASH	Agribusiness Council of Albania (Albanian acronym)	
KBFF	Kosovo Business Finance Fund	
KBS	Kosovo Business Support	
KDRA	Kosovo Directorate for Rural Affairs	
KNAP	Kosovo NGO Advocacy Program	
KODAA	Kosovo Dealers of Agro-inputs Association	
KSB	Kosovo Statistical Bureau	
KTA	Kosovo Trust Agency	
LBK	League of Beekeepers of Kosovo	
MAFRD	Ministry of Agriculture, Forestry and Rural Development	
MBRC	Macedonian Business Resource Center	
MFE	Ministry of Finance and Economics	
MTI	Ministry of Trade and Industry	
SHPUK	Kosovo Association of Poultry Producers and Feed Manufacturers	
SHMK	Kosovo Flour Millers Association	
SOE	Socially (State) Owned Enterprise	
STC	Short Term Consultant	
UNMIK	United Nations Mission in Kosovo	
USAID	United States Agency for International Development	
USOP	United States Office in Pristina	

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Introduction

For consistency and ease of understanding, the Kosovo Agribusiness Development Program (KADP) quarterly reports have followed the format of the work plan submitted to the United States Agency for International Development (USAID) in June 2001. Hereafter they will follow the revised workplan submitted to USAID in April 2002. Progress is reported for each of the three main program areas (consolidation of trade association accomplishments; building long-term association sustainability; and increased production, output and revenues in association subsectors). These broad areas include the program components of association development, policy analysis and implementation, private sector extension services, agro-processing and marketing, credit facilitation, trade and procurement, monitoring and evaluation, and media and publications. Monthly reports to the USAID project manager contain more extensive and detailed information on KADP activities and progress.

Operations

This quarter marked the beginning of the extension phase of the project, which will provide another eight months for the IFDC team to consolidate the achievements and build more sustainability in the trade associations and the extension program. In July the project team organized field visits to key agribusiness firms and meetings with association leaders and farmers to help orient the new USAID Director and Deputy Director.

Highlights of Program Achievements

Trade Association Development and Sustainability

- During the 2001/02 project year, AKA and the three project-supported trade associations generated nearly \$12,000 in membership dues and over \$61,000 in non-dues revenue.
- An STC worked with AKA to develop a blueprint and budget for the long-term financial sustainability of the alliance.
- The project and AKA worked with other USAID partners and donors to organize a twoday business-to-business workshop for 130 Kosovar and Macedonian agribusinessmen and officials aimed at integrating the regional market for agricultural inputs and produce.
- AKA expanded contacts with the new Minister of Agriculture, the Parliamentary Committee, and the seed policy committee, and the MAFRD PolicyUnit.
- The AKA Food Safety and Quality Control Committee members updated the board on the results of their study visit to Albania in June under the USAID/KNAP Grant.
- AKA and Anadrini initiated an effort to establish six regional associations of vegetable producers and then federate them into a Kosovo wide association and member of AKA.
- SHPUK completed a directory with detailed information on all commercial poultry and feed millers in Kosovo. Advertisements and sales will cover the production costs.

- A major breakthrough for Kosovo regarding regional trade in the context of the Balkan Stability Pact was the recent signing of an MOU with Albania, due in large part to AKA-KASH cooperation in bringing legislators from the two sides together.
- As a result of charging fees for trade missions and other activities, AKA generated non-dues revenue of €4,276 during the quarter.
- AKA held three joint meetings with CIPE / Riinvest regarding the establishment of a Coalition of Business Associations of 15 trade associations.
- AKA scored 77% sustainability on an evaluation conducted by CIPE.
- The project helped LBK prepare the proposal for the grant it received from CIPE for office equipment.

Increased Production, Output and Revenues for Association Subsectors.

- The AKA/LBK proposal to CCSO for establishment of a \$55,000 revolving fund for annual purchase of treatment against bee mites was approved, and preparations for import begun.
- Project staff and the USOP commercial office made arrangements for a trade mission of Kosovar agribusinessmen to the US in September.
- Seven KADP-assisted clients received loans totalling \$233,000 from the ABK during the quarter.
- The project in conjunction with MAFRD and KODAA held nine field days in August to demonstrate the benefits of new technologies to 382 farmers and others, including significant representation of female and minority farmers.
- Eighty-six KODAA members, local farmers, municipal officials, university students, and MAFRD personnel attended a wheat demonstration field day near Livragon on June 21 to see the 30 wheat varieties being tested in the 2001-2 winter wheat trial.
- Following up on previous discussions on field days and at the central level, AKA and KADP representatives held discussions with MAFRD and SRSP officials regarding the inclusion of KADP-AKA tested wheat varieties in the new National Seed List.
- On July 14th, KADP-AKA extension specialists and SHPUK members began a poultry feed trial to compare three different feeds for laying hens.
- KODAA organized a workshop in collaboration with MAFRD and EAR experts to inform AKA members on the proposed law covering licensing of commercial seed producers, importers, and distributors.
- KADP/AKA and KBS accountants and management developed a joint program for accounting training to be provided to their respective clients in September.
- The project generated 48 media placements during the quarter, featuring the on-farm trials and demonstrations, the new \$55,000 bee treatment fund, visits of the USAID Director, and the Kosovo-Macedonia agribusiness workshop.

KADP Project Activities in Support of Workplan Objectives

1a. Consolidation of Trade Association Accomplishments

Activity / Results Indicator	PY2 Q4	PY3 Q1	PY3 Q2	Quarter Achievements
1. Association Development and Management Training				
1.1 Monitoring & reporting on timely topics (wheat conditions, urea imports, planting progress)				 Regular Seasonal Reviews in monthly reports provide updates on crop conditions, agro-input imports and sales and comment on agricultural progress. Weekly monitoring of agro-input and food prices published in weekly price bulletins and AKA monthly newsletter.
1.2 Preparation & conduct of overseas trade missions for association members				 Relevant trade fairs identified. Visits by association members to be organized on demand. Preparations underway for a joint KADP/USOP self-financed trade mission of agro-entrepreneurs to the US in September.
1.3 Arrange for presentation of relevant topics at regional & general meetings of associations				As described in the monthly reports, relevant presentations were made at the regular association meetings
1.4 Inform association members & encourage participation in seminars of relevance to business interest				Association members participated in seminars arranged by KADP and other USAID partners, e.g. on food safety and quality
1.6 Conduct seminar(s) on commodity logistics & importation/handling				Seminars addressed the consolidated purchase of fertilizer, seed and packets for bee treatment.
1.7 Reinforce Associations role through personal visits to members & identification of members' needs.				 KODAA, SHMK and SHPUK members were visited and contacted by telephone during the quarter to discuss association developments and member needs.
1.9 Development of AKA & trade association media kits				 AKA strategy advanced during the visit of an STC who helped develop media materials and a blueprint for action and budget.
2. Facilitation of Local and Regional Association Contacts				
2.1 Expand linkages with the USAID-sponsored American Farm School in Thessaloniki, Greece				With project assistance, four Kosovars were selected for the two-year AFS practical agribusiness course.
2.2 Host return visit of Albanian policy representatives (KASH) to Kosovo				MOU on trade signed by UNMIK/Kosovar and Albanian legislators with help from AKA and KASH.
2.3 Establish business, data provision and policy contacts with partner institutions in regional states				The project and AKA worked with other USAID partners and donors to organize a two-day business-to-business workshop for 130 Kosovar and Macedonian agribusinessmen and officials aimed at integrating the regional market for agricultural inputs and produce.
3. Development of New and Ongoing Policy Initiatives				
3.1 Promotion of KADP developed technology packages and crop diversification				 Contacts include regular management coordination meetings and scheduled field visits by MAFRD and KADP extension staff to provide training, distribute inputs and survey crop development. The project in conjunction with MAFRD and KODAA held nine regional field days in August to demonstrate the benefits of new technologies to 382 farmers and others, including significant representation of female and ethnic minority farmers.
3.2 Coordinate with MAFRD development of CPC, seed				Staff and AKA participated in the EAR seed screening training under their Seed Regulatory Project and became partners with

and fertilizer regulations	 the Peja Institute and Agricultural Faculty of the Univ. of Pristina in official testing of varieties on the National Seed List. KODAA organized a workshop in collaboration with MAFRD and EAR experts to inform AKA members on the proposed law covering licensing of commercial seed producers, importers, and distributors.
3.3 Follow developments in fields of commercialization / privatization and fiscal reform, providing input as openings emerge 3.4 Other, as identified by AKA board and agreed by	KADP and AKA continued to monitor and provide input and advocacy on the issues.
KADP/USAID	The project followed up on the AKA identified policy issue in the poor monitoring of food safety and quality control at the Kosovar borders, leading to the import of substandard and mislabelled inputs, flour, eggs and other produce.
4. Association Policy/Advocacy Training	
4.1 Attend USAID/KNAP training and proceed with training of AKA representatives on KNAP completion	AKA Executive Director selected for inclusion in the KNAP trainer-training program attended all KNAP training programs and conducted training of AKA representatives.
4.2 Organize agricultural policy study tour to a regional state	The AKA Food Safety and Quality Control Committee members updated the board on the results of their study visit to Albania in June under the USAID/KNAP Grant.
4.3 Organize training in ramifications of South East European Stability Pact on agribusiness in Kosovo	• A major breakthrough for Kosovo regarding regional trade in the context of the Balkan Stability Pact was the recent signing of an MOU on with Albania, due in large part to AKA-KASH cooperation in bringing legislators from the two sides together.
4.4 Coordinate in training initiatives of other governmental and NGO organizations	KADP staff and association representatives attended dozens of training programs held by other organizations in policy and business issues during the quarter, as detailed in the monthly reports.
5. Development of Agribusiness Information System	 KADP agricultural input and food (64 commodities) price data from 8 municipalities (three outlets in each) monitored on a weekly basis and data compiled for use in market research and policy analysis. KADP/AKA contact database updated monthly. The database includes over 540 agribusiness contacts from over 230 organizations in over 30 countries. SHPUK completed a directory with detailed information on all commercial poultry and feed millers in Kosovo. Advertisements and sales will cover the production costs.

1b. Building Long-term Association Sustainability

Activity / Results Indicator	PY2 Q4	PY3 Q1	PY3 Q2	Quarter Achievements
1. Building Capacity in Provision of Fee-earning Services				
1.1 Develop AKA Business/Strategic Plan				 AKA strategy for sustainability advanced through continued discussions with association leaders, IFDC specialists and USAID representatives. Plans, budget, and blueprint for action for generating non-dues revenue were developed by the associations with help from STC Beaman; and targets for income-generation were issued to key AKA staff.
1.2 Utilize in-house expertise and collaborate with KBS to provide & promote business training seminars to associations				 KADP and AKA representatives attended training seminars conducted by USAID/KBS and other international organizations during the quarter. Training provided on the establishment of a Kosovar wide vegetable produccers association provided by AKA. Logistics and chemical handling training for LBK members provided under the CCSO mite treatment grant.
1.3 Provide financial counseling for clients				• KADP and AKA representatives assisted seven association members in obtaining \$233,000 ABK/KBFF in the quarter.
1.4 Develop and implement fee-based accounting services (record-keeping, accounting analysis, tax preparation, etc.) for Association members				KADP and KBS developed a joint training program in accounting for Sept.
1.5 Increase distribution/availability of newsletters to members with more advertising.				 Produced regular monthly newsletters and increased number to 1000 copies and increased distribution to include related organizations like EAR, ABU, ABK, and other NGO's. Up to four paid advertisements listed in newsletter, with backlog of interested members. Reduction in printing costs of 36% of newsletter to enable AKA to continue it after project end.
2. AKA Consolidation/Expansion				
2.1 Develop consolidation/expansion strategy for AKA				Efforts continue with milk producers, agro-machinery dealers, and meat processors
2.2 Creation of Kosovo-wide vegetable producers association on basis of Anadrini				 AKA and Anadrini initiated an effort to establish six regional associations of vegetable producers and then federate them into a Kosovo wide association and member of AKA.
2.3 Admission of additional complementary Kosovo-wide associations into AKA				 As noted above, AKA is considering admitting other agricultural trade associations that have expressed interest in joining, and is helping them prepare for membership.
2.4 Develop and submit funding proposals / business plans for AKA and member associations to ensure financial sustainability				 The League of Kosovo Beekeepers proposal submitted to the CIDA-CCSO project was approved. The donation of EUR55,000 covered the purchase and import of enough treatment for all 28,000 hives in Kosovo. Beekeepers would be required to pay for the treatment and the funds recycled to ensure treatment in the future.
3. Establishment of Relations with New Governmental Structures				

3.1 Research on party / professional breakdown of Kosovar Assembly		 Research on the key candidates for the ministerial and permanent secretary posts and the members of the Parliamentary Committee for Agriculture continued and relations were established.
3.2 Present AKA to new Kosovar decision makers		 Regular meetings held with representatives of the new MAFRD, including its Policy Unit, Department for Rural Development and Statistics and Department for Plant Production and Protection. AKA expanded contacts with the new Minister of Agriculture, the Parliamentary Committee, and the seed policy committee. KADP extension team collaborated closely with MAFRD Rural Development Unit throughout the quarter, according to agreement under which MAFRD uses KADP tested technology and training to implement best technology demonstrations of maize on 200 farms in 25 of the 30 Kosovar municipalities.
3.3 Organize visit by representatives of Albanian Parliamentary Committee for Agriculture		 A major breakthrough for Kosovo regarding regional trade in the context of the Balkan Stability Pact was the recent signing of an MOU on with Albania, due in large part to AKA-KASH cooperation in bringing legislators from the two sides together.
3.4 Establish / Maintain contact with representatives of powers reserved to the UNMIK SRSG		 UNMIK Reserved Powers in Agriculture the Kosovo Directorate of Rural Affairs (KDRA) agreed to work with AKA on its initiative to improve the level control of input and food quality on Kosovo's borders and boundaries. KDRA also keeping KADP/AKA informed of developments in commercialization and privatization of state and socially owned agricultural enterprises. Contact maintained with UNMIK's CFA and Customs service for information on developments in fiscal policy and its implementation.

2. Increased Production, Output and Revenues in Association Subsectors

Activity / Results Indicator	PY2 Q4	PY3 Q1	PY3 Q2	
1. Increased Access of Association Members to Credit				
1.1 Revise business plans (BP) preparation and enforce usage in conjunction with USAID/KBS. Require more member participation in development				 In conjunction with AKA/KADP staff, KODAA and SHPUK members developed business plans. Seven members used business plans to apply for loans from ABK during the quarter. Association members are gathering data and compilation of their business plans and loan applications.
1.2 Prepare 30 BP's by project end for interested association members in conjunction with USAID/KBS				 Assisted 37 association members in developing business development proposals and applying for loans with ABK/KBFF during 2002.
1.3 Assist qualified clients in obtaining loans/credit with 75% success rate & provide monitoring of new loans				 Assisted 39 AKA association members involved in loan application process at EAR/ABU (1) and ABK/KBFF (38) during 2002.
1.4 Approach KBFF with more business plans				 Assisted 38 members in applying for loans at ABK/KBFF as ABK/KBFF begin focusing more on the agricultural sector during 2002.
1.5 Investigate possibility of assisting small clients to receive loans through FINCA				 Loan activity during the quarter focused on ABK, given their increased interest in the agricultural sector and the more applicable loan size offered. Opportunities with FINCA were more fully explored – no success to date
1.6 Monitor existing loan repayments to ABU & CORDAID, new repayments & establish payment of service fees for assistance				 Monitoring of SHMK loans conducted by SHMK staff and association members. KODAA member who gained credit from ABK/KBFF for fertilizer import in autumn 2001 repaid loan as scheduled. Seven of the ten KODAA members who gained credit from EAR/ABU for fertilizer import in autumn 2001 repaid their loans as scheduled. All of these were in the nine-strong KODAA import consortium. Remaining two consortium members are negotiating a return of unsold fertilizer in order to repay outstanding credit. Remaining debtor likely to be subjected to legal proceedings. Of the 12 KODAA members who gained credit from CORDAID during autumn 2000, seven have now repaid in full. The remaining five have been expelled from KODAA. Some re-scheduled; others and are currently facing court proceedings. Of the 13 SHPUK members who gained credit from CORDAID during autumn 2000, all have made some payments, but only 38% of the total borrowed has been recouped by CORDAID, leaving all debtors in default.
2. Increased Production, Output and Revenues for Association Members				
2.1 Conduct on-farm winter wheat trials				 30 winter wheat varieties tested in 2001-2 season. Five of these are the best performing varieties from the 2000-1 trials and 25 are new varieties, being sown for the first time in Kosovo. In addition trials are being conducted on the highest yielding 2000-1 varieties, with differing rates of seed (150-400kg/ha) and fertilizer (DAP, MAP, NPK with urea and KAN), in order to identify the optimum amount of inputs required for Kosovo conditions. Winter wheat sown and basal fertilizer applied at two sites representing the differing climatic zones of Kosovo (one on the Kosovo plain and one on the Dukagjini plain) in PY2Q2.

2.2 Analyze and disseminate results of technology packages	 Following up on previous discussions on field days and at the central level, AKA and KADP representatives held discussions with MAFRD and SRSP officials regarding the inclusion of KADP-AKA tested wheat varieties in the new National Seed List. Results of 2001-2 packages assembled by STC Griffiths.
2.3 Conduct on farm trials (maize, forages, soybeans, spring wheat)	 The project in conjunction with MAFRD and KODAA held nine field days in August to demonstrate the benefits of new technologies to 382 farmers and others, including significant representation of female and Serb farmers.
2.4 Conduct and report on surveys (assessment of entrepreneurs, marketing and technical skills, assessment of agri-input sales)	 See section 1.1 under 1a above. See section 2.16 below.
2.5 Establish collaborative extension activities with 'implementing partners' (set up at least 150 demonstrations on best technology packages for maize)	 Agreement reached by IFDC-KADP and its implementing partners, MAFRD and KODAA, in PY2Q3. Agreement delineates responsibilities, timeframe and distribution of 200 farmers (including 24 minority farmers), with whom to work in demonstrating KADP proven best technology packages in maize. See Sect. 2.3 above on the nine field days. Training of MAFRD municipal and regional representatives and KODAA dealers continued in the quarter. On June 18th KADP hosted a workshop for representatives of the 25 municipalities involved in the on-farm demonstrations of KADP-tested maize varieties. Building on field demonstration initiative with MAFRD, KADP management coordinating with USAID, MAFRD, EAR and SRSP on potential involvement by project extension team in the official seed variety trials to be initiated under the recently developed seed regulations for Kosovo.
2.6 Organize field days on wheat, maize, legume and forage crops	• Field days held as planned – see Sect. 2.3
2.7 Set up at least 150 demonstrations on wheat 'best practices'	 Wheat was harvested in July and varieties were selected on the basis of the results of the second year of KADP wheat trials for planting next quarter. Eighty-six KODAA members, local farmers, municipal officials, university students, and MAFRD personnel attended a wheat demonstration field day near Livragon on June 21 to see the 30 wheat varieties being tested in the 2001-2 winter wheat trial.
2.8 Organize training seminars on crop protection chemicals, in cooperation with manufacturer (eg. 'Syngenta') and on maize technology with seed breeders (eg. 'Pioneer')	 Checklists developed by project staff involved in credit and procurement and extension work to ensure that any potential project activity involving pesticide use is conducted according to the KADP Initial Environmental Evaluation and US Regulation 216.
2.9 Conduct poultry demonstrations (revised feed, laying hens management) and disseminate the results	 SHPUK members encouraged to involve local suppliers in KADP/MAFRD/KODAA field demonstrations of best technology packages for maize. SHPUK members supplied with lists of demonstration farms in their regions in order to promote improved practices and increase local production of maize (considered to be of better quality and cheaper than imported produce). On July 14th, KADP-AKA extension specialists and SHPUK members began a poultry feed trial to compare three different feeds for laying hens.
2.10 Conduct flour-milling demonstrations (milling technology vs. flour quality)	 Advice provided on the optimum combination of milling technology and wheat varieties available on the local market.
2.11 Investigate interest of SHMK members in bulk purchase of wheat	 SHMK members are involved in all KADP winter wheat field days and IFDC/MAFRD/KODAA on-farm demonstrations to promote best technology packages aimed at increasing local production of wheat to reduce dependence on costly imports.
2.12 Prepare and submit proposal to Canadian Co-operation Support Office for funding demonstration greenhouse(s) in Kosovo	 Proposal presented to CCSO-CIDA by AKA but rejected on basis of long-term nature of the project. Proposal forwarded to GOAL-Ireland for further consideration.

2.13 Poultry ration formulation STC (Swick) & Poultry Management and Diseases STC (Piu)		•	Poultry ration formulation and management and disease planned and STC arranged for next quarter.
2.14 Identify bee medicine importers		•	Suppliers of Varoa Jacobsen mite treatment were identified by AKA staff in response to request for assistance in import by the League of Kosovo Beekeepers under the CIDA-CCSO revolving fund grant.
2.15 Assist SHPUK members to participate in purchase of USDA-sponsored Food For Progress commodities imported by MercyCorps		•	Eleven SHPUK members purchased 500mt of the 3,000mt of USDA FFP soybean meal. Negotiations ongoing between SHPUK and Mercy Corps International on the price of remaining stocks of FFP soybean meal.
2.16 Design & conduct surveys in coordination with project extension requirements		•	Surveys continue according to the work plan.
3. Promotion of Technology Packages for Wheat and Maize (product diversification and quality improvement)			
3.1 Prepare technical brochures on soybean cultivation, milling technology, poultry management and compound fertilizers		•	Brochures were produced and distributed on the results of project 2001-2 wheat, maize and forage crop field trials.
3.2 Prepare a producer page in the AKA newsletter and distribute directly to farmers		•	Producer pages were included in the monthly newsletters as detailed in the monthly reports and the newsletters.
3.3 Organize coverage of general meetings of associations, field days, seminars and other activities of the project		•	The project generated extensive media coverage for its activities as detailed in the monthly reports.
3.4 Prepare media and TV campaign to address farmers and association concerns		•	The project generated 48 media placements during the quarter, featuring the on-farm trials and demonstrations, the new \$55,000 bee treatment fund, visits of the USAID Director, and the Kosovo-Macedonia agribusiness workshop. 1,000 copies of AKA newsletter distributed monthly to association members, farmers and projects.
3.5 Prepare newspaper articles on association and KADP activities, and submit to local newspapers for publication		•	See section 3.4 above.
3.6 Collect price information for main inputs and out puts and publish in AKA Newsletter and local newspapers		•	KADP agricultural input and food (64 commodities) price data from 8 municipalities (three outlets in each) monitored on a weekly basis and published monthly in the AKA newsletter.
3.7 Organize media training on disseminating the results to the farmers		•	KADP media and publications team worked closely with representatives of print and broadcast media to explain the importance of promoting KADP tested best technology packages for wheat, maize, and feed.